



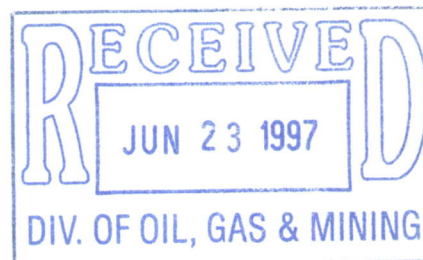
INTERNATIONAL
URANIUM (USA)
CORPORATION

M/037/006

H.C. 64 • Box 153 • 2555 No. Highway 89A • Fredonia, AZ 86022 • 520 643 7321 (phone) • 520 643 7328 (fax)

June 20, 1997

Mr. Anthony A. Gallegos
Sr. Reclamation Specialist
Utah State
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801



Dear Mr. Gallegos:

Re: Rim Mine (M/037/006) San Juan County, Utah

This letter follows the June 5, 1997, site review of the Rim Mine shaft and Humbug Mine adit area with Bureau of Land Management (BLM) representative, Mr. Ted McDougall, International Uranium (USA) Corporation (IUSA) representatives, Mr. Roger B. Smith and Mr. James A. Fisher, and Utah Division of Oil, Gas and Mining (UDOGM) representative, Mr. Anthony A. Gallegos. Site review specifically addressed IUSA request to utilize a small (1.6 acre) previously disturbed area located adjacent to the Humbug Mine adit (review Exhibit A, enclosed herewith and attached hereto). This area will accommodate temporary stockpile of mined ore and placement of natural formation waste rock generated during mine development. The selected site will not impact existing or natural drainage systems or effect undisturbed topography. The proposed use will include placing barren mine waste rock in a previously excavated basin. After filling, the basin will more closely approach original natural topography and may be covered with a veneer of topsoil, which was originally excavated from this area. Furthermore, a portion of barren rock may be used to fill a large open trench which presently provides access to the Humbug Mine adit. Combined capacity of the existing disturbed depression and Humbug Mine access trench assures adequate capacity (approximately 43,000 tons) for placement of mine waste rock.

The area selected for temporary stockpile of mine production is a previously disturbed surface void of soil and essentially reflects only exposed rock formation surfaces. This area will prevent migrant material loss and enable complete ore removal upon mine recession. Furthermore, a small existing topsoil stockpile adjacent to this location will provide a soil source over the exposed formation and thereafter, vegetation may propagate.

The existing depression selected for mine rock disposal was previously disturbed and excavated during earlier mining periods. Currently, secondary drainage flows into and through this depression rather than into diverted drainage channels established on the property. Filling the depression with barren waste rock and diverting natural drainage away from the disturbed areas will prevent runoff and erosion from occurring on the mine pad. Furthermore, upon mine recession, a

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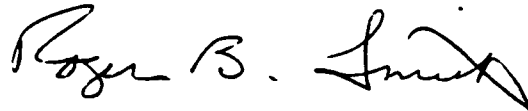
portion of the waste rock inventoried may be used to fill the Humbug adit and large access trench. This additional reclamation is beyond the scope of the current approved mine plan and will enhance the end result of reclamation efforts.

No other use of the existing disturbed mine pad is forecast and IUSA reclamation liability is not to include or assume responsibility for any other previously disturbed area. Currently, the Rim Mine project encompasses approximately 11-13 acres of disturbance, although a reclamation bond (No. 18-23-15) is in place for 17 acres of disturbance, thereby, a 4 acre safety margin is in place to address operational occurrences as described herein.

It is requested that use of the small previously disturbed area be authorized and included as an addendum to the current Rim operating permit.

Should additional information or discussion concerning this matter be required, please contact me expeditiously at telephone number: (970) 677-2726 or (520) 643-7321.

Very truly yours,



Roger B. Smith
General Manager of Mining Operations

RBS/ksc

Attachment

cc/att: Mr. Ted McDougall
Bureau of Land Management
435 North Main
P.O. Box 7
Monticello, Utah 84535

Mr. D. Wayne Hedberg
Utah State
Division of Oil, Gas and Mining
Box 145801
Salt Lake City, Utah 84114-5801

Mr. Harold R. Roberts
Ms. Michelle R. Rehmann
International Uranium (USA) Corporation
Independence Plaza, Suite 950
1050 Seventeenth Street
Denver, Colorado 80265

